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| APPLICATION NO. | FILING DATE | FIRST NAMED INVENTOR | ATTORNEY DOCKET NO. | CONFIRMATION NO. |
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| 10/753,131 | 01/07/2004 | Dan Galai | 16615-002001 | 4435 |

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EXAMINER

HAMILTON, LALITA M

ART UNIT PAPER NUMBER

3624

DATE MAILED: 11/12/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

10/753,131

Applicant(s)

GALAI ET AL.

Examiner

Lalita M Hamilton

Art Unit

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☐ Responsive to communication(s) filed on ____.
- 2a) ☐ This action is FINAL. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-24 is/are pending in the application.
- 4a) Of the above claim(s) ____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) ____ is/are allowed.
- 6) ☒ Claim(s) 1-24 is/are rejected.
- 7) ☐ Claim(s) ____ is/are objected to.
- 8) ☐ Claim(s) ____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on ____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
 - ☐ Certified copies of the priority documents have been received in Application No. ____.
 - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- * See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- ☒ Notice of References Cited (PTO-892)
- ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- ☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date ____.
- ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date ____.
- ☐ Notice of Informal Patent Application (PTO-152)
- ☐ Other: ____.

DETAILED ACTION

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1-14 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

35 USC 101 requires that in order to be patentable the invention must be a "new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof" (emphasis added).

Claims 1-14 are rejected under 35 U.S.C. 101 because the claimed invention is directed to a non-statutory subject matter. Specifically the method claims as presented do not claim a technological basis in the pre-amble and the body of the claim. Without a claimed basis, the claim may be interpreted in an alternative as involving no more than a manipulation of an abstract idea and therefore non-statutory under 35 U.S.C. 101. In contrast, a method claim that includes in the body of the claim structural / functional interrelationship which can only be computer implemented is considered to have a technological basis [See Ex parte Bowman, 61 USPQ2d 1669, 1671 (Bd. Pat. App. & Inter. 2001) - used only for content and reasoning since not precedential].

In order to over come the 101 rejection above, the following preamble is suggested:

-A computer implemented method for ---, or something similar. Also, in the body of the claim include structural / functional interrelationship which can only be computer implemented.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 1-24 are rejected under 35 U.S.C. 103(a) as being unpatentable over Camelio (US 2004/0015427) in view of Andrus (US 2002/0156709).

Camelio discloses a method and system including databases for financing and marketing creative work comprising accepting from each of a plurality of artists one or more works of art to be pooled in a collective investment fund (p.4, 74-75; p.7, 108, 116; and fig.5-all); generating revenues on behalf of the fund through commercialization of the works of art in the fund (p.4, 74-75; p.7, 108,116; and fig.5-all); receiving works of art for the fund from each artist according to a predetermined schedule (p.6, 87); the artist is deemed to still be participating in the fund only if the artist has contributed works of art to the fund according to a specified schedule (p.4, 74-75 and p.7, 108,116); distribution of revenue to the artists begins only after a specified period since the fund opened (p.7, 108, 117-118 and p.8, 144); the works of art comprise

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visual works of art (p.4, 67); having each work of art reviewed to determine whether the work of art should be accepted into the fund (p.8, 147—may be done by owner/operator of system); transferring ownership of the works of art to an entity that manages the fund (p.8, 147-owner/operator of Artishare); selecting artists to participate in the collective investment fund (p.4, 74-75 and p.7, 108, 116); and a particular artist having a vested interest in one of the financial instruments is further entitled to receive an amount of the revenues based on the commercial success of the works of art contributed to the fund by that particular artist (p.4, 74-75; p.7, 118; and p.8, 144). Camelio does not disclose issuing a financial instrument to each particular artist in consideration for one or more works of art contributed by that artist to the fund; distributing a portion of the revenues among the artists participating the fund according to vested interests in the financial instruments held by the artists, wherein a particular artist having a vested interest in one of the financial instruments is entitled to receive an amount of the revenues based on the collective commercial success of the works of art contributed to the fund by all the artists; the financial instrument comprises a warrant that may be exercised by the particular artist after a specified vesting period; the warrant may be exercised by the particular artist after the vesting period only if the artist is still participating in the fund; upon exercising the warrant, the artist is entitled to a specified portion of future revenues distributed by the fund; the financial instrument comprises an equity instrument that entitles the artist to a specified portion of future fund; or issuing financial instruments, each of which represents one or more shares in the fund, to one or more entities other than the artists participating in the fund, wherein each share

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entitles the entity owning the financial instrument to a specified amount of future revenue generated by the fund. It is well known to issue rights and other benefits in a new company/investment to investors in exchange for the risk that they are willing to take on when financing. Camelio discloses that the participants are given entitlements/rights in exchange for their financing, but is silent as to whether warrants may be issued. Andrus teaches debt financing for companies comprising issuing a financial instrument to each particular investor (p.2, 17); distributing a portion of the revenues participants in the fund according to vested interests in the financial instruments held, wherein a particular participant having a vested interest in one of the financial instruments is entitled to receive an amount of the revenues based on the collective commercial success (p.2, 17); the financial instrument comprises a warrant that may be exercised by the particular individual after a specified vesting period (p.2, 17); the warrant may be exercised by the particular individual after the vesting period only if the individual is still participating in the fund (p.2, 17); upon exercising the warrant, the participant is entitled to a specified portion of future revenues distributed by the fund (p.2, 17); the financial instrument comprises an equity instrument that entitles the participant to a specified portion of future fund (p.2, 17); and issuing financial instruments, each of which represents one or more shares in the fund, to one or more entities, wherein each share entitles the entity owning the financial instrument to a specified amount of future revenue generated by the fund (p.2, 17). It would have been obvious to one having ordinary skill in the art at the time the invention was made to incorporate issuing a financial instrument to each particular investor; distributing a

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portion of the revenues participants in the fund according to vested interests in the financial instruments held, wherein a particular participant having a vested interest in one of the financial instruments is entitled to receive an amount of the revenues based on the collective commercial success; the financial instrument comprises a warrant that may be exercised by the particular individual after a specified vesting period; the warrant may be exercised by the particular individual after the vesting period only if the individual is still participating in the fund; upon exercising the warrant, the participant is entitled to a specified portion of future revenues distributed by the fund; the financial instrument comprises an equity instrument that entitles the participant to a specified portion of future fund; and issuing financial instruments, each of which represents one or more shares in the fund, to one or more entities, wherein each share entitles the entity owning the financial instrument to a specified amount of future revenue generated by the fund, as taught by Andrus into the invention disclosed by Camelio, to provide an additional entitlement/right to participants in exchange for their participation in the fund and to ensure an adequate return on their investment.

Provisional Application Listed on PTO-892 form

If a copy of a provisional application listed on the bottom portion of the accompanying Notice of References Cited (PTO-892) form is not included with this Office action and the PTO-892 has been annotated to indicate that the copy was not readily available, it is because the copy could not be readily obtained when the Office action was mailed. Should applicant desire a copy of such a provisional application, applicant should promptly request the copy from the Office of Public Records (OPR) in

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accordance with 37 CFR 1.14(a)(1)(iv), paying the required fee under 37 CFR 1.19(b)(1). If a copy is ordered from OPR, the shortened statutory period for reply to this Office action will not be reset under MPEP § 710.06 unless applicant can demonstrate a substantial delay by the Office in fulfilling the order for the copy of the provisional application. Where the applicant has been notified on the PTO-892 that a copy of the provisional application is not readily available, the provision of MPEP § 707.05(a) that a copy of the cited reference will be automatically furnished without charge does not apply.

Conclusion

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Lalita M Hamilton whose telephone number is (703) 306-5715. The examiner can normally be reached on Tuesday-Thursday (8:30-4:30).

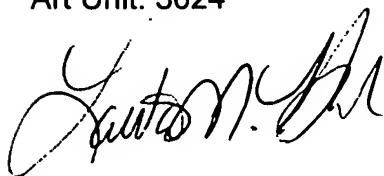
If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent Millin can be reached on (703) 308-1065. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

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A handwritten signature in black ink, appearing to read "Antonio M. LMH". The signature is fluid and cursive, with the first name "Antonio" being more legible than the last name "LMH".

LMH